

**STATE OF LOUISIANA**

**DEPARTMENT OF ENVIRONMENTAL QUALITY**

**IN THE MATTER OF:**

**DEVON LOUISIANA CORPORATION  
(F/K/A OCEAN ENERGY, INC. )**

**AI # 27910, 93027, 89964, 106613**

**PROCEEDINGS UNDER THE LOUISIANA  
ENVIRONMENTAL QUALITY ACT  
LA. R.S. 30:2001, ET SEQ.**

\* Settlement Tracking No.  
\* SA-AE-05-0010  
\*  
\* Enforcement Tracking No.  
\* AE-CN-03-0154A  
\* AE-CN-03-0154  
\* AE-CN-03-0392  
\* AE-PP-03-0153  
\*  
\* Docket No. 2004-10774-EQ  
\* AE-CN-03-0053

**SETTLEMENT**

The following Settlement is hereby agreed to between Devon Louisiana Corporation (f/k/a Ocean Energy, Inc. ) ("Respondent") and the Department of Environmental Quality ("DEQ" or "the Department"), under authority granted by the Louisiana Environmental Quality Act, La. R.S. 30:2001, et seq. ("the Act").

**I**

Respondent is a corporation who owns and/or operates multiple oil and gas production facilities located in several parishes in the state of Louisiana ("the Facility").

**II**

On August 9, 2004, the Department issued an Amended Consolidated Compliance Order and Notice of Potential Penalty, Enforcement No. AE-CN-03-0154A to Respondent, which was based upon the following findings of fact:

The Respondent owns and/or operates the Neale Gas Processing Facility located at 1088 Arco Road in Merryville, Beauregard Parish, Louisiana. The facility operates under Air Permit Number 0320-00027-02 issued on October 14, 1999.

On or about February 14, 2002, an inspection of the Respondent's facility was made to determine the degree of compliance with the Act and Air Quality Regulations. The following violations were noted during the course of the review:

- A. The Respondent's flare (Emission Point FLARE) was not lit and visible emissions were observed coming from the flare. By failing to maintain the heat content of the flare gas above 300 BTU/scf, the Respondent is in violation of Specific Condition Number 3 of Air Permit Number 0320-00027-02, LAC 33:III.501.C.4, and Sections 2057(A)(1) and (A)(2) of the Act.
- B. Spillage of oil or chemicals was observed below the facility's Ethylene Glycol (EG) Unit. The spillage stained the gravel around the unit and the Respondent failed to clean the spill in accordance with the facility's Housekeeping Plan. This is a violation of LAC 33:III.2113.A.5 and Sections 2057(A)(1) and (A)(2) of the Act.

On or about February 14, 2002, an inspection of the Respondent's facility was conducted to determine the degree of compliance with the Act and Air Quality Regulations. The Respondent's Glycol Reboiler Stack (Emission Point 21-99-GR-SC) routes emissions into a pipe that are then routed to a knockout pot. The stack is not routed to a control device because the estimated emissions from the stack reportedly do not exceed nine tons per year and is therefore exempt from the control requirements according to LAC 33:III.2116.C.2. During the course of the inspection, visible emissions were noted coming from this stack. Based on the amount of emissions coming from the stack, it appeared that the emissions from this unit exceed nine tons per year and should subsequently be routed to a control device.

The Amended Consolidated Compliance Order & Notice of Potential Penalty above was issued by the Department to amend Paragraphs II and III of the original Compliance Order section.

The Department incorporated all of the remainder of the original Consolidated Compliance Order & Notice of Potential Penalty, Enforcement Tracking No. AE-CN-03-0154 and Agency Interest No. 27910 as if reiterated in the Amended Consolidated Compliance & Notice of Potential Penalty.

On June 4, 2004, the Department issued a Consolidated Compliance Order and Notice of Potential Penalty, Enforcement No. AE-CN-03-0154, to Respondent, which was based upon the following findings of fact:

The Respondent owns and/or operates the Neale Gas Processing Facility located at 1088 Arco Road in Merryville, Beauregard Parish, Louisiana. The facility operates under Air Permit Number 0320-00027-02 issued on October 14, 1999.

On or about February 14, 2002, an inspection of the Respondent's facility was made to determine the degree of compliance with the Act and Air Quality Regulations. The following violations were noted during the course of the review:

- A. The Respondent's flare (Emission Point FLARE) was not lit and visible emissions were observed coming from the flare. By failing to maintain the heat content of the flare gas above 300 BTU/scf, the Respondent is in violation of Specific Condition Number 3 of Air Permit Number 0320-00027-02, LAC 33:III.501.C.4, and Sections 2057(A)(1) and (A)(2) of the Act.
- B. Spillage of oil or chemicals was observed below the facility's Ethylene Glycol (EG) Unit. The spillage stained the gravel around the unit and the Respondent failed to clean the spill in accordance with the facility's Housekeeping Plan. This is a violation of LAC 33:III.2113.A.5 and Sections 2057(A)(1) and (A)(2) of the Act.

On or about February 14, 2002, an inspection of the Respondent's facility was conducted to determine the degree of compliance with the Act and Air Quality Regulations. The Respondent's

Glycol Reboiler Stack (Emission Point 21-99-GR-SC) routes emissions into a pipe that are then routed to a knockout pot. The stack is not routed to a control device because the estimated emissions from the stack reportedly do not exceed nine tons per year and is therefore exempt from the control requirements according to LAC 33:III.2116.C.2. During the course of the inspection, visible emissions were noted coming from this stack. Based on the amount of emissions coming from the stack, it appeared that the emissions from this unit exceed nine tons per year and should subsequently be routed to a control device.

On March 23, 2004, the Department issued a Consolidated Compliance Order and Notice of Potential Penalty, Enforcement No. AE-CN-03-0392, to Respondent which was based upon the following findings of fact:

The Respondent owns and/or operates the Garrison GU No. 1 Production Facility- Chalkey Field located approximately five miles northwest of Lacassine National Wildlife Refuge on Bell City Ditch in Cameron Parish, Louisiana. The facility operates under Air Permit Number 0560-00179-00, issued on May 5, 2003.

On September 24, 2003, an inspection of the Respondent's facility was conducted to determine the degree of compliance with the Act and Air Quality Regulations. The following violation was noted during the course of the review:

The Respondent operates a glycol dehydrator that is permitted to emit 4.43 tons per year of volatile organic compounds (VOCs) from the glycol dehydrator still column vent (Emission Point 2). The glycol dehydrator still column vent is not required to be routed to a control device because the VOC emissions from this source are reportedly below nine tons per year. In order to demonstrate that the VOC emissions from this source are below nine tons per year, the Respondent is required to keep records of the daily throughput and the glycol circulation rate. The Respondent failed to maintain a record of actual throughput per day

and the glycol circulation rate. This is a violation of Facility Specific Requirement Number 35 of Air Permit Number 0560-00179-00, LAC 33:III.501.C.4, LAC 33:III.2116.F.4, and 2057(A)(2) of the Act.

On October 13, 2003, the Department issued a Notice of Potential Penalty, Enforcement No. AE-PP-03-0153, to the Respondent which was based upon the following findings of fact:

The Respondent owns and/or operates Neale Central Production Facility located on Neale Oil Field Road, 3.3 miles east of Merryville in Beauregard Parish, Louisiana.

On April 17, 2003, an inspection of Neale Central Production Facility was performed to determine the degree of compliance with the Louisiana Environmental Quality Act (the Act) and the Air Quality Regulations.

The following violations were noted during the course of the inspection:

- A. The Respondent's flare was not lit at the time of the inspection. After discovering that the flare was not lit, the Respondent was able to re-light the flare during the inspection. By failing to keep a continuous flame at the facility's flare, the Respondent is in violation of the Specific Condition of Air Permit Number 0320-00031-00, LAC 33:III.501.C.4, and Section 2057(A)(2) of the Act.
- B. The Respondent was not performing best practical housekeeping practices in several areas. These areas include spilled oil around the truck loading area and tanks, open covers on catch basins and sample containers, and oily rags around the gauging hatch of tanks. Each failure to perform the best practical housekeeping practice is a violation of LAC 33:III.2113.A and 2057(A)(1) and (A)(2) of the Act.

On June 12, 2003, the Department issued a Consolidated Compliance Order and Notice of Potential Penalty, Enforcement No. AE-CN-03-0053, to Respondent which was based upon the following findings of fact:

The Respondent owns and/or operates multiple oil and gas facilities located throughout the state of Louisiana as listed in Table 1. These facilities are required to operate under an Air Permit in accordance with LAC 33:III.Chapter 5.

On February 4, 2003, a file review of Ocean Energy, Inc., now known as Devon Louisiana Corporation, was performed to determine the degree of compliance with the Act and Air Quality Regulations.

The following violations were noted during the course of the review:

The Respondent failed to obtain approval from the permitting authority prior to the construction, modification, or operation of each facility listed in Table 1 which ultimately resulted in an initiation or increase in emissions of air contaminants. Each failure to obtain prior approval from the permitting authority for the construction, modification, and/or operation of the facility is a violation of LAC 33:III.501.C.2 and Sections 2057(A)(1) and 2057(A)(2) of the Act.

**Table 1**

<b>Facility</b>	<b>Parish</b>
Bass No. 1-3 Production Facility	Bossier
Burton No. 1-34 Production Facility	Bossier
Elliot No. 1 Alt Production Facility	Lincoln
George Cox No. 1 Production Facility	Ouachita
Miss Murphy No. 54-11 Alt Production Facility	Bossier
Miss Murphy No. 57 Alt Production Facility	Bossier
Miss Murphy No. 59 Alt Production Facility	Bossier
Parnell No. 1 Production Facility	Lincoln
USA Parcel 3 No. 41 Alt Production Facility	Bossier
USA Parcel 3 No. 42 Alt Production Facility	Bossier
Verdie Wassan No. 1 Production Facility	Ouachita
W.C. Whitehead No. 1 Production Facility	Lincoln

### III

In response to the Consolidated Compliance Order and Notice of Potential Penalty, Enforcement No. AE-CN-03-0053, Respondent made a timely request for a hearing.

### IV

Respondent denies it committed any violations or that it is liable for any fines, forfeitures and/or penalties.

V

Nonetheless, Respondent, without making any admission of liability under state or federal statute or regulation, agrees to pay, and the Department agrees to accept, a payment in the amount of NINETEEN THOUSAND THIRTY-FIVE AND NO/100 DOLLARS (\$19,035.00) of which Eight Hundred Eleven and 46/100 Dollars (\$811.46) represents DEQ's enforcement costs, in settlement of the claims set forth in this agreement. The total amount of money expended by Respondent on cash payments to DEQ as described above, shall be considered a civil penalty for tax purposes, as required by La. R.S. 30:2050.7(E)(1).

VI

Respondent further agrees that the Department may consider the inspection report(s), the Notice of Potential Penalty, the Consolidated Compliance Order and Notices of Potential Penalties, and this Settlement for the purpose of determining compliance history in connection with any future enforcement or permitting action by the Department against Respondent, and in any such action Respondent shall be estopped from objecting to the above-referenced documents being considered as proving the violations alleged herein for the sole purpose of determining Respondent's compliance history.

VII

This agreement shall be considered a final order of the secretary for all purposes, including, but not limited to, enforcement under La. R.S. 30:2025(G)(2), and Respondent hereby waives any right to administrative or judicial review of the terms of this agreement, except such review as may be required for interpretation of this agreement in any action by the Department to enforce this agreement.

## VIII

This settlement is being made in the interest of settling the state's claims and avoiding for both parties the expense and effort involved in litigation or an adjudicatory hearing. In agreeing to the compromise and settlement, the Department considered the factors for issuing civil penalties set forth in LSA- R. S. 30:2025(E) of the Act.

## IX

The Respondent has caused a public notice advertisement to be placed in the official journal of the parish governing authority in Beauregard Parish, Cameron Parish, Bossier Parish, Lincoln Parish, Ouachita Parish, Louisiana. The advertisement, in form, wording, and size approved by the Department, announced the availability of this settlement for public view and comment and the opportunity for a public hearing. Respondent has submitted a proof-of-publication affidavit to the Department and, as of the date this Settlement is executed on behalf of the Department, more than forty-five (45) days have elapsed since publication of the notice.

## X

Payment is to be made within ten (10) days from notice of the Secretary's signature. If payment is not received within that time, this Agreement is voidable at the option of the Department. Payments are to be made by check, payable to the Department of Environmental Quality, and mailed or delivered to the attention of Darryl Serio, Office of Management and Finance, Financial Services Division, Department of Environmental Quality, Post Office Box 4303, Baton Rouge, Louisiana, 70821-4303. Each payment shall be accompanied by a completed Settlement Payment Form (Exhibit A).



## XI

In consideration of the above, any claims for penalties are hereby compromised and settled in accordance with the terms of this Settlement.

## XII

Each undersigned representative of the parties certifies that he or she is fully authorized to execute this Settlement Agreement on behalf of his/her respective party, and to legally bind such party to its terms and conditions.

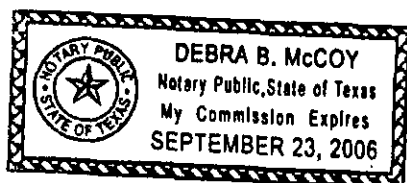
DEVON LOUISIANA CORPORATION

BY: [Signature]  
(Signature)

David J. Sambraks  
(Print) DM

TITLE: Vice President

THUS DONE AND SIGNED in duplicate original before me this 22 day of  
July, 20 05, at Houston, Texas.



Debra B. McCoy  
NOTARY PUBLIC (ID #                     )

Debra B. McCoy  
(Print)

STATE OF LOUISIANA

Mike D. McDaniel, Ph.D., Secretary  
Department of Environmental Quality

BY: [Signature]  
Harold Leggett, Ph.D., Assistant Secretary  
Office of Environmental Compliance

THUS DONE AND SIGNED in duplicate original before me this 10<sup>th</sup> day of  
November, 20 05, at Baton Rouge, Louisiana.

Randall S. Bevil  
NOTARY PUBLIC (ID # 22221)

Randall S. Bevil  
(Print)

Approved: [Signature]  
Harold Leggett, Ph.D., Assistant Secretary